CLAIMS

What is claimed is:

1. A method of raising funds, comprising:

offering, by an entity, a first set of debt obligations;

offering a second set of debt obligations by at least one of the entity and a second entity created for the purpose of offering the second set of debt obligations; and

purchasing assets with proceeds from the offering of the second set of debt obligations, wherein holders of the first set of debt obligations have a security interest in the assets such that, in the event the entity defaults, the assets are liquidated to redeem the first set of debt obligations from the holders thereof.

2. The method of claim 1, wherein the second set of debt obligations entitles the holders thereof to:

receive interest earnings on the assets, so long as the assets have not been liquidated to redeem the first set of debt obligations; and

receive an additional payment from one of the entity and the second entity.

3. The method of claim 2, wherein the security interest of the holders of the first set of debt obligations is capped at the par value of the first set of debt obligations plus accrued interest.

4. The method of claim 3, wherein:

the first set of debt obligations is tax-exempt; and

the second set of debt obligations is taxable.

5. The method of claim 4, wherein the assets have a credit rating greater than the credit rating of general obligation bonds issued by the entity.

6. The method of claim 4, wherein the first set of debt obligations includes variable rate demand obligations.

7. The method of claim 6, wherein the variable rate demand obligations include variable rate demand bonds.

8. The method of claim 6, wherein the second set of debt obligations includes floating rate notes.

9. The method of claim 8, wherein the assets include discount notes from a government sponsored enterprise.

10. The method of claim 9, wherein the assets have a credit rating greater than the credit rating of general obligation bonds issued by the entity.

11. The method of claim 4, wherein the first set of debt obligations include fixed rate demand obligations.

12. The method of claim 4, wherein the entity is a municipality.

13. The method of claim 2, wherein the maturity date of the second set of debt obligations is after the maturity date of the first set of debt obligations.

14. The method of claim 1, wherein the sizes of the offerings of the first and second debt obligations are the same.

15. A method of raising funds for an entity, comprising:

offering, by the entity, tax-exempt variable rate demand obligations;

offering, by the entity, taxable floating rate notes;

purchasing assets with proceeds from the offering of the taxable floating rate notes, wherein holders of the variable rate demand obligations have a security interest in the assets such that, in the event the entity defaults, the assets are liquidated to redeem the variable rate demand obligations from the holders thereof.

16. The method of claim 15, wherein the taxable floating rate notes entitle the holders thereof to:

receive interest earnings on the assets, so long as the assets have not been liquidated to redeem the variable rate demand obligations; and

receive an additional payment from the entity.

17. The method of claim 16, wherein the security interest of the holders of the variable rate demand obligations is capped at the par value of the variable rate demand obligations plus accrued interest.

18. The method of claim 17, wherein the assets have a credit rating of one of AA and AAA.

19. The method of claim 18, wherein the assets include discount notes from a government sponsored enterprise.

20. The method of claim 19, wherein the entity is a municipality.

21. The method of claim 20, wherein the maturity date of the second set of debt obligations is after the maturity date of the first set of debt obligations.

22. A method comprising:

underwriting an offering of a first set of debt obligations by an entity; and

underwriting an offering of a second set of debt obligations by at least one of the entity and a second entity created for the purpose of offering the second set of debt obligations, wherein assets are purchased with proceeds from the offering of the second set of debt obligations, and wherein holders of the first set of debt obligations have a security interest in the assets such that, in the event the entity defaults, the assets are liquidated to redeem the first set of debt obligations from the holders thereof.

23. The method of claim 22, wherein the second set of debt obligations entitles the holders thereof to:

receive interest earnings on the assets, so long as the assets have not been liquidated to redeem the first set of debt obligations; and

receive an additional payment from one of the entity and the second entity.

24. The method of claim 23, wherein the security interest of the holders of the first set of debt obligations is capped at the par value of the first set of debt obligations plus accrued interest.

25. The method of claim 24, wherein:

the first set of debt obligations is tax-exempt; and

the second set of debt obligations is taxable.

26. The method of claim 25, wherein the entity is a municipality.

27. The method of claim 25, wherein the maturity date of the second set of debt obligations is after the maturity date of the first set of debt obligations.

28. A combination, comprising:

a first set of debt obligations issued by an entity; and

a second set of debt obligations issued by at least one of the entity and a second entity created for the purpose of offering the second set of debt obligations, wherein assets are purchased with proceeds from an offering of the second set of debt obligations, and wherein holders of the first set of debt obligations have a security interest in the assets such that, in the event the entity defaults, the assets are liquidated to redeem the first set of debt obligations from the holders thereof.

29. The combination of claim 28, wherein the second set of debt obligations entitles the holders thereof to:

receive interest earnings on the assets, so long as the assets have not been liquidated to redeem the first set of debt obligations; and

receive an additional payment from one of the entity and the second entity.

30. The combination of claim 29, wherein the security interest of the holders of the first set of debt obligations is capped at the par value of the first set of debt obligations plus accrued interest.

31. The combination of claim 30, wherein:

the first set of debt obligations is tax-exempt; and

the second set of debt obligations is taxable.

32. The combination of claim 31, wherein the entity is a municipality.

33. The combination of claim 31, wherein the maturity date of the second set of debt obligations is after the maturity date of the first set of debt obligations.

34. A method of raising funds, comprising:

offering, by an entity, a first set of debt obligations;

offering a second set of debt obligations by at least one of the entity and a second entity created for the purpose of offering the second set of debt obligations; and

purchasing assets with proceeds from the offering of the second set of debt obligations, wherein holders of the first set of debt obligations have a security interest in the assets such that, in the event the entity defaults, proceeds from the assets are paid as due to the holders of the first set of debt obligations.

35. The method of claim 34, wherein the second set of debt obligations entitles the holders thereof to:

receive interest earnings on the assets, so long as the assets have not been liquidated to redeem the first set of debt obligations; and

receive an additional payment from one of the entity and the second entity.

36. The method of claim 35, wherein:

the first set of debt obligations is tax-exempt; and

the second set of debt obligations is taxable.